MINUTES OF THE REGULAR MEETING

OF THE BOARD OF DIRECTORS

IDYLLWILD WATER DISTRICT

The Board of Directors of the Idyllwild Water District met in regular session on March 15, 2017, in the Idyllwild Water District Board Room.

CALL TO ORDER:

The meeting was called to order by President Schelly at 6:00 p.m.

ROLL CALL:

Directors present: President Charles Schelly, Vice President Vic Sirkin, Geoffrey Caine, Steve Kunkle and Peter Szabadi. Interim General Manager Jack Hoagland, Chief Financial Officer Hosny Shouman and Board Secretary Erica Gonzales were also present.

General public present: (-9-)

PUBLIC COMMENT:

TOM PAULEK- Wanted to confirm all Board members received his email regarding the Brew Pub sewer permit. Email contained 5 attachments acquired through Public Records Requests from Idyllwild Water District and the SARWQCB. Expressed concern about the transparency of Idyllwild Water District. Concerned that Steve Kunkle may be working for the Brew Pub as an onsite consultant. Wants the Board to revoke to Sewer permit issued in February 2017.

SUE NASH- Delivered a letter (attached) on Monday, March 13, 2017 and asked that it be placed on the Agenda for the meeting and that it be distributed to the Board. Concerned about the Sewer Permit and the MOU with the Brew Pub. Would like the Sewer Permit revoked.

MARGE MUIR- The Public is hopeful that in the near future ldyllwild Water District will be selling water meters again. Would like the public to be able to submit ideas on how to go about releasing meters, possibly at a workshop.

ITEM #1- CONSENT CALENDAR:

MINUTES - February 15, 2017 Regular Meeting

FINANCIAL REPORTS FEBRUARY 2017

A. Income statement for the Eighth month ending February 2017

B. District warrants for February 2017.

 Check #
 13958 - 13998
 = \$ 94,912.27

 Gross Payroll
 = \$ 51,757.90

 Federal/State PR taxes
 = \$ 10,986.83

 LAIF Transfers
 = \$ 0.00

 Transfers/charges
 = \$ 66.70

OPERATIONS REPORT AND GRAPHS FOR THE EIGHTH MONTH ENDING FEBRUARY, 2017.

No mainline leaks were reported in February. Foster Lake's level was full at 18 feet at the end of February. There was 4.51" of precipitation in February and there has been 27.24" of precipitation for the fiscal year to date. The static water levels at the Foster Lake Wells were 4' below ground level, and the downtown well #23 is currently static at 8' and the downtown well #24 is static at 13' below ground level respectively. Production for February was 742,799 cubic feet. February's unaccounted for water was 5.20% of water production. Fiscal year to date unaccounted for water average is 4.39% of water production.

ITEM 1D - DECLARATION OF SURPLUS PROPERTY:

Recommendation: That the Idyllwild Water District Board of Directors declare three vehicles surplus and direct staff to dispose of the vehicles in a manner to obtain the best value to the District.

<u>Background:</u> The following vehicles are no longer of use to the District due to their age and need of significant and costly repairs:

1987

Vehicle #3 Pick-up (Dodge) 1995

Vehicle #5 Dump Truck 1987

Service Truck (Chevy)

Vehicle #8

A declaration of surplus by the Board of Directors will allow staff to seek opportunities to sell or auction the vehicles and retain the residual value for the District.

A MOTION was made by Director Szabadi to approve the Consent Calendar and Director Caine seconded. Director Kunkle requested that he be shown as an abstention from the Minutes approval as he was not in attendance at the February 15, 2017 meeting. The vote was as follows:

AYES
Peter Szabadi
Geoffrey Caine
Charles Schelly
Victor Sirkin
Steve Kunkle

ABSTAIN ABSENT Steve Kunkle (minutes only)

Consent Calendar approved.

ITEM 2 - EVALUATION OF THE WASTEWATER TREATMENT PLANT:

NAYS

Recommendation: That the Idyllwild Water District Board of Directors consider the approval of a professional services agreement with West Yost Associates for a preliminary evaluation of the condition of and identification of needed improvements for the Wastewater Treatment Plant (WWTP) for a fee of \$29,800.

Background: The Board of Directors took action to cancel the recycled water project (RWP) because there was limited demand in the service area for recycled water and the project did not appear to be financially viable.

A portion of the work that was part of the RWP included improvements at the WWTP to facilitate the production of "tertiary" treated water suitable for recycled use. Even without the RWP, however, the WWTP is in serious need of improvements and upgrades. Built in 1969, the facility is approaching 50-years old and it has had little in the way of upgrades or technological improvements that could significantly reduce its

cost of operation and the challenges of maintenance. Additionally, the plant and its processes are "singletons" and do not offer any redundancy in the event of catastrophic failure or need for major maintenance or renovation work on the facilities.

The District is in the process of returning the State Revolving grant/loan funds related to the RWP, which cannot be repurposed solely for WWTP improvements. However, there are funding programs available for WWTP improvements. Unfortunately, the entire funding process must be reinitiated.

The first step is to evaluate the current condition of the WWTP and determine a direction in which to proceed to have the best impact on the District. Staff solicited a letter proposal for an initial evaluation from West Yost Associates, Consulting Engineers. While staff did not solicit formal proposals from other firms, two other firms contacted about the general scope and range of fee for such an effort suggested a fee range of \$50,000. West Yost's fee proposal of \$29,800 is more in-line with the District's general budget requirements.

Based on the evaluation the District can proceed with planning and submissions to the State Revolving Fund for financial assistance on the selected project.

DISCUSSION-

DIRECTOR SZABADI- Will this amount include a specific plan, engineering plans, etc.?

JACK HOAGLAND- This will include and evaluation and multiple options on improvements to the WWTP that can be brought back to the Board and discussed then the Board can decide which direction they would like to go in.

DIRACTOR SZABADI- What are the next steps after this evaluation?

JACK HOAGLAND- The engineering firm will give us a report on several options and then Board would decide which course they would like Idyllwild Water District to take in making improvements. After that, the staff will prepare a plan and costs associated with

that, planning level costs. Then staff will be able to use this report to apply for grant money from the State to subsidize those costs.

DIRECTOR SZABADI- Is there any way to estimate or project the additional costs for construction, engineering plans, etc.?

DIRECTOR CAINE- Are reliability and capacity two separate problems or the same problem in your mind? Would including capacity in the scope of work affect the cost of this proposal?

JACK HOAGLAND- The cost would not be affected. It could be something that is included in the evaluation and something that they will say needs to be improved but all improvements will depend on what the Board decides once the evaluation is finished. When talking about capacity, not worried about volume, more worried about strength and ability to treat what is coming in because of all of the water conservation devices installed in more homes now. Hoping to finance this project with grant money.

VICE PRESIDENT SIRKIN- \$30,000 is a lot of money, would there be any downside to waiting a few weeks and putting out a formal proposal in order to possibly get lower bids? And /or will West Yost Associates negotiate.

JACK HOAGLAND- Called 3 firms and did negotiate. Was expecting a lower informal bid from Wyatt Troxel and was very disappointed with the \$50,000-\$70,000 estimate he came back with, expected his bid to be lowest.

DIRECTOR SZABADI- With Jack's experience, takes it that this is a reasonable price. There is no requirement for bidding?

JACK HOAGLAND- No legal requirement for advertising for bidding because this is a professional services project.

DIRECTOR KUNKLE- This is money we can apply to figuring out the I & I (infiltration and inflow) problem with the wastewater system. Use it to have the entire system cleaned and video inspected to find where all the water is coming from to fix the high flow problem. This process used to be done about every 10 years and it has been about 12 years since the last time. It is time for it to be done anyway so why not use this money toward that.

JACK HOAGLAND- Houston and Harris video inspected for three days and found some substantial leaks in the sewer system that need to be addressed.

DIRECTOR KUNKLE- Believes fixing these leaks and the I & I problem would solve 80% of the flow problems at the WWTP and this is the priority.

JACK HOAGLAND- Wastewater collection system is overdue for cleaning and video inspection, planning on having that in the budget for the next fiscal year and have the work performed in the Summer when things are dry and flows are low.

STEVE KUNKLE- Would like us to hold off on the evaluation and get the trouble spots in the collection system fixed and if it doesn't reduce the flow issues we are having, get the entire system cleaned and video inspected in the Spring. Would rather see the money go toward the collection system. Last time it was done, the cost was \$1 per linear foot to have it video inspected and cleaned and we have about 60,000 linear feet.

HOSNY SHOUMAN- There is a \$50,000 surplus in the budget if the Board would like to split it between the two projects. Jack was going to include the video inspection and cleaning in the Capital Improvement Project for the next fiscal year.

JACK HOAGLAND- Trying to have a plan, would like to use the funding from this year for the evaluation project so that we can apply for those grants and get in the queue for those grants. If we wait, that gives other agencies time to get in before us.

VICE PRESIDENT SIRKIN- Could we wait, have the collection system video inspected, and have West Yost and Associates include the videos in their evaluation in order to receive grant money for the collection system too?

JACK HOAGLAND- Doesn't believe we could get grant money for the cleaning because that is maintenance, possibly for the video inspection. Estimating it will take the better part of 18 months before getting any kind of reimbursement after applying for funds for the WWTP.

GEOFFREY CAINE- Why would waiting another month hurt us?

JACK HOAGLAND- When you have an opportunity, you take it, if you wait, maybe the opportunity goes away. Believes the sooner we get started, the sooner we'll get done.

DIRECTOR KUNKLE- If this item passes, when do you think we will get the collection system cleaned and video inspected?

JACK HOAGLAND- Things are drying up fast, we will have a long list of things to fix after cleaning and video inspection no matter what.

PRESIDENT SCHELLY- Video inspection and cleaning has no guarantee, a line could break 2 weeks after video inspection and we wouldn't know. It would be great to get an evaluation on the WWTP and know what needs to be done there. Can someone please explain why waiting a month would help with this item.

VICE PRESIDENT SIRKIN- Would like to put out a request for proposals from other firms to try to get a lower price.

JACK HOAGLAND- Requested informal bids, lowest price from West Yost and Associates, then negotiated with them. Did not get lower price but was able to negotiate more work at same price.

PUBLIC COMMENT-

JP CRUMRINE- What are the reserves for the Sewer District.

HOSNY SHOUMAN- Almost \$750,000 but we were going to use operational revenue, not reserves for this project.

SUE NASH- Would recommend doing and RFP (Request for Proposals) for many reasons, one being ambiguity in the contract as described. An RFP would say exactly what the job would be. Jack may have described the job using different language to each firm when getting informal bids. An RFP would be straightforward and approved by the Board. Just makes good business sense and percolation ponds should be included.

MARGE MUIR- The WWTP is almost 50 years old. Politics are a funny thing. The money is going to start drying up because an election year is coming. You should get in line as soon as you can. Time is of the essence.

TOM PAULEK- Should do an RFP.

PRESIDENT SCHELLY- This is going to be a study on the WWTP and the results of the evaluation will tell us what needs to be done at the WWTP.

VICE PRESIDENT SIRKIN- Would it be possible to add the percolation ponds to the evaluation.

JACK HOAGLAND- Staff can do anything that the Board directs. This particular scope of work was chosen because it is a fairly straightforward issue. Evaluate the WWTP. This would be a "step process." Adding the percolations ponds makes it much more complex, believe that would be too much all at one time.

DIRECTOR SZABADI- If we put out an RFP, how much longer would that take? Ms. Nash has a point about setting parameters for the scope of work to be done.

JACK HOAGLAND- Could probably get the bids to you by next meeting. Used an outline when speaking to all three firms in order to make sure asking for same scope of work from all firms. The issue with the ponds is that they are not on Idyllwild Water District property and that would create a problem when asking for grant money from the State. If you want to do something more comprehensive and complex, happy to spend the money.

HOSNY SHOUMAN- Need to be clear that reserves are not for this kind of project, the reserves are to protect the Sewer District in the future.

DIRECTOR KUNKLE- Agree that the plant is a "singleton" and it is important to have some redundancy in case of failure at the plant.

TOM PAULEK- Does the \$750,000 reserves include the \$400,000 we have to give back to the State for the Recycled Water Project?

HOSNY SHOUMAN- Misspoke. \$750,000 reserves is for the water fund. The sewer reserves are \$500,000 and do not include the Recycled Water Project funds that are to be given back to the State.

JUNE ROCKWELL- Would Jack please enlighten the public of history and experience with Wastewater Treatment Plants. How many other districts have to helped with this sort of issue?

JACK HOAGLAND- Built three WWTP at Elsinore Valley, completely rebuilt Escondido WWTP, rebuilt Lake Arrowhead WWTP. Have a bit of experience.

MARGE MUIR- the Board hired someone with experience so they could trust him to come to you with his recommendations for what can be done to improve that state of the district. You should let him do what you hired him for and trust him.

Director Szabadi made a MOTION to approve a professional services agreement with West Yost Associates for a preliminary evaluation of the condition of and identification of needed improvements for the WWTP for a fee of \$29,800 and Director Caine seconded. The vote was as follows:

AYES NAYS ABSTAIN ABSENT
Peter Szabadi
Geoffrey Caine
Steve Kunkle
Charles Schelly
Victor Sirkin

The Motion passed.

ITEM 3 - ORDINANCE NO. 64 STATUS AND RECOMMENDATION:

Recommendation: The Idyllwild Water District Board of Directors will consider a recommendation from the Interim General Manager to change the status of the District from the existing Stage 2 to Stage 1 based on the current hydrological conditions and to develop a new Water Shortage Contingency Plan for future use by the District.

Background: On October 21, 2015, the Idyllwild Water District Board of Directors adopted Ordinance No. 64 establishing a Water Shortage Emergency Plan to help the District mitigate the impacts of potentially lower water supplies because of the multi-year statewide drought conditions (copy attached for reference). Subsequently, terms of the ordinance were implemented and the District is currently in a Stage 2 condition.

Section 3 of Ordinance No. 64 establishes criteria under which the General Manager <u>may</u> declare a No Stage condition:

1. Foster Lake is full (satisfied 2/28/2017);

- 2. Foster Lake Wells static level is less than 50-feet (satisfied 2/1/2017);
- 3. Downtown Wells static level is less than 15-feet (satisfied 2/1/2017);
- 4. Precipitation exceeds 26-inches (satisfied 3/1/2017); and
- 5. Reservoirs are at 95% or more of capacity (satisfied 1/15/2017).

While the satisfaction of the criteria is compelling, the Interim General Manger recommends that the Board of Directors move the District to Stage 1 for the following reasons:

- A. The State Water Resources Control Board is maintaining its Statewide Emergency drought declaration until at least May, 2017;
- B. Allow the staff to formalize a water supply assessment for the District, including results of production over the five-years of drought conditions, so that future Board of Directors will have reliable information on which to base future decisions regarding potential shortage conditions;
- C. The District needs additional time to develop a revised/updated will-serve/water meter issuance policy; and
- D. The District is considering revising/updating its water rate structure to more equitably recover costs from the different service classes, so entities getting a meter now might be subject to significantly changed conditions under the updated rates.
- While in Stage 1, the Interim General Manager also recommends that no meters or meter upgrades be installed.
- The goal of the staff is to be ready by July 1, 2017, to issue will-serve letters and install water meters to meet the community requirements.
- Financial Impact: Going to either Stage 1 or exiting the Water Shortage Emerceny Plan altogether, will result in a decrease in revenue for the District. In Stage 2, Tier IV water use charges are \$0.2135 per unit (one cubic foot of water) but in Stage 1 or

outside the Water Shortage Emergency Plan Tier IV water charges are \$0.1037 per unit. Based on the last years water sales, staff estimate that the reduction in revenue will be between \$120,000 and \$200,000 per year depending on actual usage. The majority (80%) of the reduction will be for our largest customer, Idyllwild Arts Academy.

DISCUSSION:

MARGE MUIR- Read something from the State of California that stated as of January 1, 2017, homes built before 1994 are required to have low flow fixtures. January 1, 2019 all commercial buildings required to have low flow fixtures. Appreciate that you are talking about making the rate structure more equitable for rate payers. If there is anything the public can do to help with the rate structure and water meter issue, we will do it.

STEVE MOULTON- Is there a difference in rates going from Stage 2 to Stage 1?

JACK HOAGLAND- There is a financial impact. The tier 4 rate will be reduced from \$0.2135 to \$0.1067 which will amount to about between \$125,000 to \$200,000 per year for users that have extreme usage.

SUE NASH- Assumed that going from Stage II to Stage I would lift the moratorium on selling water meters. What will it take to lift moratorium?

DIRECTOR SZBADI- Ordinance 64 states that "Will serve letters shall be limited to a total of up to 10 EDU's at the discretion of the Board during a Water Conservation Stage 1." So it is basically up to the Board.

MARGE MUIR- The E.D.U. needs to be addressed.

DIRECTORS DISCUSSION:

VICE PRESIDENT SIRKIN- Should go to legal counsel and have them draft a notice/contract that rates will be changing and do not wait to sell water meters. This can help to avoid confusion.

DIRECTOR SZABADI- Opposed to issuing Will Serve letter or meters before having everything in order, i.e. rate structure, capacity fees, water availability, etc. What is the purpose of issuing Will Serve letters but not meters? Isn't a Will Serve letter a promise to issue a water meter?

JACK HOAGLAND- Believes that this Board will be issuing meters sooner rather than later. The purpose of issuing a Will Serve letter is so that people can go to the County to finalize their building plans. Redundant to give a notice/contract to customers that buy water meters,

stating that it is possible for Idyllwild Water District to change the rates. This is already stated in the Rules and Regulations of the District.

PRESIDENT SCHELLY- Rate structures are always subject to change. Why wait to sell meters because of a change to the rate structure.

JACK HOGLAND- It's not just the rate structure, the concept of the prepaid water based on meter size is not common. Also the capacity fee should not be the same for every size meter. The price will vary depending on the size of the meter instead of being the same amount for every meter.

HOSNYSHOUMAN- If we are going to change any rate or fee, we have to advertise for 45 days according to Prop 218.

JACK HOAGLAND- This 6 week period of waiting time is another reason why staff is recommending to wait until the 3rd quarter to issue water meters.

DIRECTOR KUNKLE- Would like to just "get all our ducks in a row" before issuing water meters so there will be no confusion or backtracking.

DIRECTOR SZABADI- Can we separate the issues. One being going to Stage 1 and another separate issue of issuing water meters.

JACK HOAGLAND- Board restricted because Ordinance 64 is the governing document and there is no way around the 10 E.D.U. issue. In whatever motion you make, should make it clear whether or not you want to issue 10 E.D.U.s of will serve letters.

Director Szabadi made a MOTION to move to Stage 1 of the Water Shortage Emergency plan but to not issue any will serve letters unless approved by the Board.

PRESIDENT SCHELLY- No second, MOTION dies.

Director Caine made a MOTION to move to Stage 1 of the Water Shortage Emergency plan as recommended and was seconded by Vice President Sirkin.

DIRECTOR SZABADI- How do you issue Will Serve letters if you are not going to issue water meters, and what is the criteria?

JACK HOAGLAND- Ordinance 64 says you can issue Will Serve letters for up to 10 E.D.U.s which may be less than 10 Will Serve letters, depending on the amount of plumbing fixtures. This is also why staff is recommending to wait to issue water meters until after this can be revised and replaced.

VICE PRESIDENT SIRKIN- Would like to have a workshop on fixing Ordinance 64 and Idyllwild Water District's process of Will Serve letters.

JACK HOAGLAND- Understand that your rate payers will get no relief in Tier 4 if the Item is tabled. One of the reasons to go to Stage 1 is to give a bit of financial relief to the aggressive water users.

Director Caine made a MOTION to go from Stage 2 to Stage 1.

VICE PRESIDENT SIRKIN- Moving into Stage 1 also provides for the allotment of 10 E.D.U.s in Will Serve letters to be issued at the Board's discretion.

JACK HOAGLAND- Ordinance 64 states "Water Conservation Stage I-Voluntary Compliance, which specifies that users of DISTRICT water voluntarily limit the amount of water used to that amount necessary for domestic and business purposes. Will serve letters shall be limited to a total of up to 10 EDU's at the discretion of the Board during a Water Conservation Stage 1."

JUNE ROCKWELL- What is that Ordinance dated?

SECRETARY GONZALES- October 21, 2015. To clarify Ordinance 64 also states "The limit of 10 EDU's applies from the initial declaration of conservation stages, until the end of conservation stages." 10 E.D.U.s have already been given out before going to Stage 2, therefore there are no E.D.U.s to give out.

JP CRUMRINE- What the Secretary just said was the interpretation of the former GM.

Director Caine withdrew his MOTION.

Director Szabadi made a MOTION to move from Stage 2 to Stage 1 of the Water Conservation Emergency plan according to Ordinance 64 and was seconded by Director Kunkle.

Director Caine requested a 5 minute recess.

President Schelly adjourned to a 5 minute recess at 8:10 pm.

President Schelly called the Meeting to order at 8:15 pm.

Director Szabadi amended his MOTION to accept the recommendation from staff with the amendment that the goal of staff is to be ready to issue Will Serve letters on October 1, 2017 and was seconded by Director Caine. The vote was as follows:

AYES NAYS ABSTAIN ABSENT
Peter Szabadi Victor Sirkin
Geoffrey Caine
Steve Kunkle
Charles Schelly

The Motion passed.

GENERAL MANAGER'S COMMENTS:

JACK HOAGLAND- In process of working with the State to return the Recycled Water Project money, good news is that they are estimating the same amount that we estimate. The Pipeline grant, plans and alignment should be completed by mid- April. The horizontal well grant is not looking very good. Just managed access to horizontal wells last week. Having a 3rd party engineer come to look at it to see if the project can be done by August 3rd but not optimistic. Transferred our Water Rights issue to our new counsel. Dam permit currently has no issues and we are expecting an inspection in the May/ June time frame. Working on Certificate of Transparency. Interviewing some candidates for WWTP Chief Operator. Sewer Flow, got ok from Forest Service to repair berm at ponds. I&I issue is dropping off due to things drying up. Having a leak repaired next week. Water use is pretty low, Foster Lake is still over flowing and we are down to using 2 wells. Been working with Marge Muir on the well close to La Casita, too close to the sewer line for us to be able to use for drinking water. We are upgrading Idyllwild Water District's IT system in order to support our new billing system. Also working on email addresses for Board members. Still do not know what we are going to do to solve the issue at the flushing ponds at the Foster Lake treatment plant.

TOM PAULEK- Not concerned with Idyllwild Water District getting a "Certificate of Transparency," more concerned with the Board actually being transparent. Board should review their practices and make sure the public is informed. Easiest way to do this is CEQA. Has the Regional Board issued a violation for the spill at the ponds. Will issue a Public Records Request for that information.

DIRECTOR'S COMMENTS:

PRESIDENT SCHELLY- Summarized things reviewed at the SDLA Conference. Would like to have a workshop in order to agree on what direction the Board wants Idyllwild Water District to go and to agree on core beliefs for Idyllwild Water District. Would like to put on the Agenda Boards responsibilities to make sure that everyone understands. Contacted Town Hall and the Library for available dates for Workshop. Tentative date of May 3 set pending everyone's schedule can accommodate. Can finalize at next Regular Meeting.

ADJOURN TO CLOSED SESSION:

ITEM 4 - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:

(per Government Code Section 54956.9 (d)(1)) - IWD vs. Kunkle, RSC Case No. RIC 1608818

RECONVENE INTO OPEN SESSION: The Board reconvened in open session at 9:10pm.

REPORT ON CLOSED SESSION: President Schelly reported direction had been provided to District Counsel.

<u>ADJOURNMENT:</u> At 9:11pm President Schelly adjourned to the next Regular Meeting on April 19, 2017 at 6:00 pm.

IDYLLWILD WATER DISTRICT

BY:

DR. CHARLES SCHELLY-BOARD PRESIDENT IDYLLWILD WATER DISTRICT

BY:

ERICA GONZACES-BOARD SECRETARY